NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION

FIFTEENTH ANNUAL MARKETING RESEARCH STUDY OF HOUSEWARES MANUFACTURERS

1981

Research by
B. Angell & Associates, Inc.

NHMA

Serving the Housewares Industry since 1938

NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION
1324 Merchandise Mart • Chicago, Illinois 60654 • Telephones (312) 644-3333/644-6363

April, 1982

INCORPORATED
NOT FOR PROFIT

OFFICERS

PRESIDENT

Richard P. Ellwood
Anchor Hocking Corp.
Lancaster, Ohio

VICE PRESIDENT

Philip D. Miller
Howard Miller Clock Co.
Zeeland, Michigan

TREASURER

Robert Mariani
Spartus Corp.
Sub. of Kidde, Inc.
Skokie, Illinois

MANAGING DIRECTOR
AND SECRETARY

Ronald A. Fippinger
1324 Merchandise Mart
Chicago, Illinois

DIRECTORS
Includes officers and

Cooper Adams
Gem, Inc.
Memphis, Tennessee

H. David Dalquist
Nordic Ware
Div. of Northland Aluminum Products, Inc.
Minneapolis, Minnesota

John M. Eikenberg
Revere Copper & Brass, Inc.
Clinton, Illinois

Alan J. Heller
Heller Designs, Inc.
New York, New York

Jerry Kearns
Eagle Affiliates
Div. of A P L Corp.
Brooklyn, New York

Mike Kempster
Weber-Stephen Products Co.
Arlington Heights, Illinois

Sue Marchand
Irvinware
Maspeth, New York

Carl G. Sontheimer
Cuisinarts, Inc.
Stamford, Connecticut

Martin F. Zorn
Imperial Knife Associated Cos., Inc.
New York, New York

EXECUTIVE COMMITTEE

Richard P. Ellwood, Ch.
Philip D. Miller
Robert Mariani
Jerry Kearns

TO MEMBERS OF THE HOUSEWARES INDUSTRY:

The National Housewares Manufacturers Association is indeed pleased to publish its Fifteenth Annual Marketing Research Study of Housewares Manufacturers for the year 1981.

As previously, the study was undertaken for us by the independent market research firm of B. Angell & Associates, Inc., which surveyed our exhibitors in the January 1982 NHMA National Housewares Exposition.

This 1981 benchmark report provides an authentic marketplace picture of today's vital American housewares industry as it continues to meet successfully the ever-changing challenges of our nation 's economy.

Moreover, fifteen consecutive years of research has revealed some interesting market trends and patterns, which should assist you in making your own future plans in housewares.

We sincerely hope this Fifteenth Annual Research Report, and its 15-year overview of housewares since our annual NHMA surveys were inaugurated in 1967, will prove a most useful and valuable marketing tool for everyone in the industry.

Additional copies are available upon written request.

NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION

Ron Fippinger

Ronald A. Fippinger, Managing Director

RAF:lc

B. Angell & Associates, Inc.

One East Superior Street • Chicago Illinois 60611 • 312/943-4400

April, 1982

BACKGROUND AND PURPOSE

Over the past fifteen years, since 1967, the National Housewares Manufacturers Association has been conducting annual marketing research studies of housewares manufacturers by surveying exhibitors in its National Housewares Exposition.

The primary purpose of these surveys has been to monitor and track the industry's sales and marketing trends. The surveys provide the following information:

- -Manufacturers' dollar sales
- -Percent of dollar sales by
  - . . . product categories
  - . . . retail and wholesale trends
- -Classification of manufacturers by
  - . . . product categories
  - . . . size
- -Anticipated sales projections
- -Pricing trends
- -Related issues of interest

These annual NHMA surveys offer a singular opportunity to monitor industry trends on a continuing basis. They represent the most authoritative body of marketing data about housewares manufacturing currently available to the industry.

METHOD

Due to the number, diversity and geographic dispersion of housewares manufacturers, it was determined that a self-administered mail questionnaire is the most effective means for obtaining the desired information.

The anonymity of the responses has been maintained by having the completed questionnaires returned for processing to the certified public accounting firm of Robbins, Baer, Baygood & Telpner.

For the current study, questionnaires were sent to 1,810 exhibitors in the January 1982 NHMA National Housewares Exposition. The findings summarized in this report are based on the responses of 659 manufacturers, representing 36% of the exhibitors.

In our opinion, the rate of return and the sample size provide a reliable and valid profile of housewares manufacturers who are represented by the NHMA National Housewares Exposition.

Joseph S. Adler
President

HIGHLIGHTS OF THE FINDINGS

Following are highlights of those findings most pertinent to the objectives of the survey and of greatest interest to the housewares industry.

- In 1981, the total volume of housewares manufacturers' dollar sales exceeded $19 billion.

- During the past fifteen years, the industry's growth was at 52% during the first years (1966-1971); 55% during the next five years (1972-1976), and 60% during the last five years (1977-1981). At this rate, housewares manufacturers' total sales should be more than $33 billion by 1986.

- During the same 15-year period, the proportion of "smaller" housewares manufacturers (under $1,000,000) declined from 44% of the manufacturers to 26% in 1981.

  Correspondingly, the proportion of manufacturers "$5,000,000 and over" rose from 14% in 1966 to 38% of housewares manufacturers in 1981. Moreover, 42% of the manufacturers expect their sales to exceed $5,000,000 in 1982.

- One-third (33%) of housewares manufacturers' sales in 1981 were accounted for by sales of Electric Housewares, even though the category represented only 12% of the manufacturers.

  Also, the categories of Decorative Accessories and Serving & Buffet Products & Accessories each represented 12% of manufacturers. However, they accounted for 10% and 7% of total dollar sales, respectively.

- In 1981, four-fifths (80%) of manufacturers' dollar sales were to retail outlets. Over the past fifteen years, those sales have increased steadily, from 48% of total volume in 1966/67, to 52% in 1971, 66% in 1976 to the current level.

  Manufacturers' sales to Mass Merchandisers rose from 10% to 28% during the past fifteen years and from a "not listed" category to 10% for Catalog Showrooms. During that same period, sales to Housewares/Hardware Distributors declined from 17% in 1966/67, to 7% in 1981.

- The most significant color trend development in 1981/82 is in the increased mentions of White for Bath & Closet Accessories, Kitchen Appliances & Accessories, Outdoor Product & Accessories and Serving & Buffet Products & Accessories.

  Also mentioned as a potential color trend were Pastels, especially for Bath & Closet Accessories.

- The number of housewares manufacturers who increased their prices in 1981, or expect further increases in 1982, declined to 68% and 71%, respectively.

  Furthermore, the average percent amount of the price increases also declined, to 7.5% in 1981 and 6.4% for 1982.

  The primary reasons for the anticipated increases were higher material costs, higher labor costs, higher overhead costs and inflation.

- In 1981, 56% of housewares manufacturers reported that 90-100% of their orders are filled immediately.

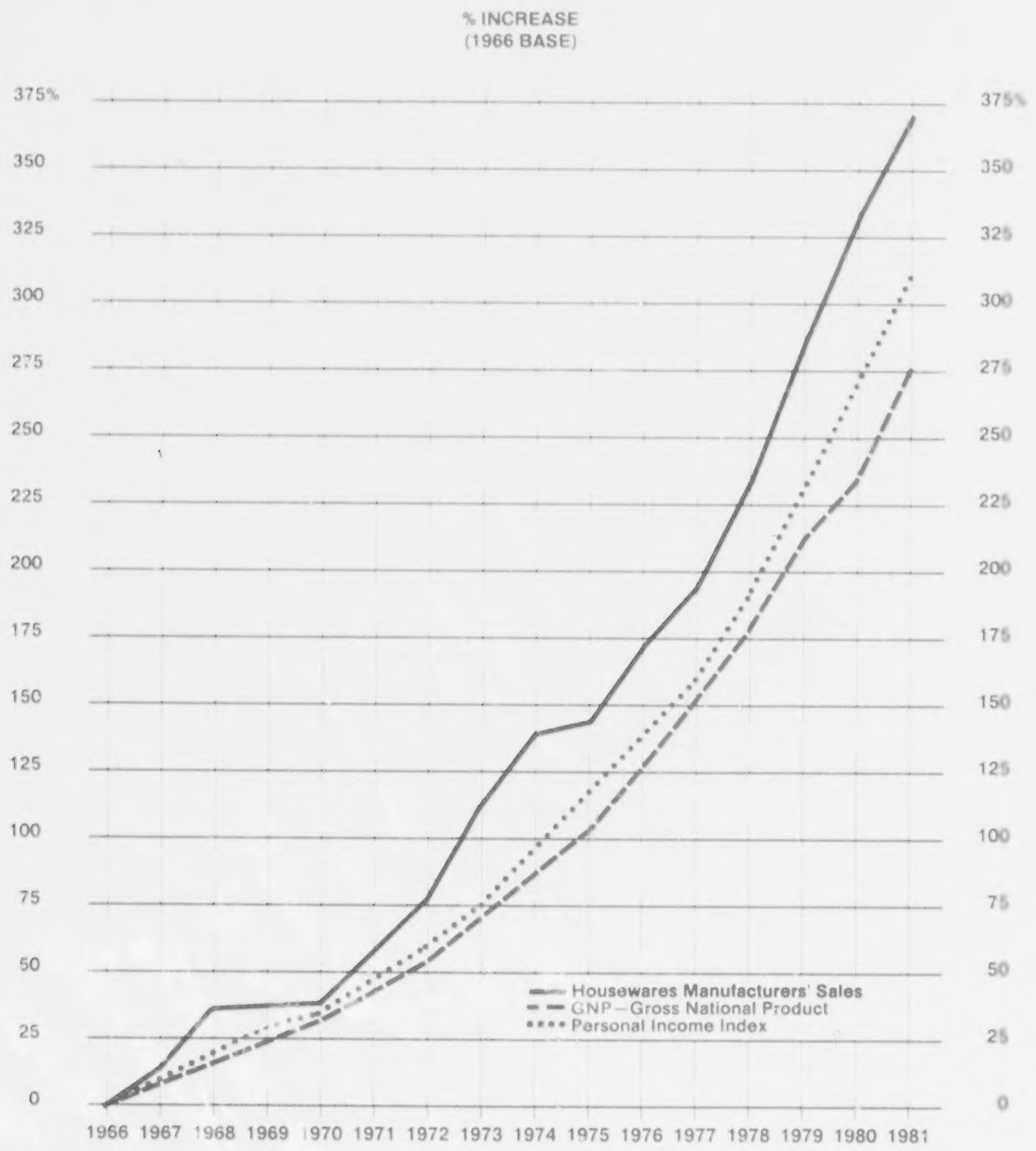
  Three-fourths of manufacturers (76%) reported that their accounts receivable are outstanding "45 days or longer," as compared to 67% in 1976 and 61% in 1971.

- "Economic factors," including "credit/high interest rates," "economic outlook/tight money/recession," "inflation" and "maintaining profit margin" were reported to be the most serious problems anticipated by 59% of housewares manufacturers.

  Also mentioned by 26% of manufacturers were concerns over "collections/accounts receivable."

  For the first time over a number of years, concerns were also noted over "declining sales."

PERCENT GROWTH IN HOUSEWARES MANUFACTURERS' SALES – 1966-1981 COMPARED TO GROSS NATIONAL PRODUCT AND PERSONAL INCOME INDEX



A comparison of housewares manufacturers' sales with two of the nation's leading economic indicators – Gross National Product and Personal Income Index – for the past fifteen years, indicates that the industry's rate of growth has been steady.

Although the industry's growth declined in the late '60s (1968 to 1970) and the middle 70's (1974 to 1975), manufacturers' sales of housewares consistently outperformed the nation's economy.

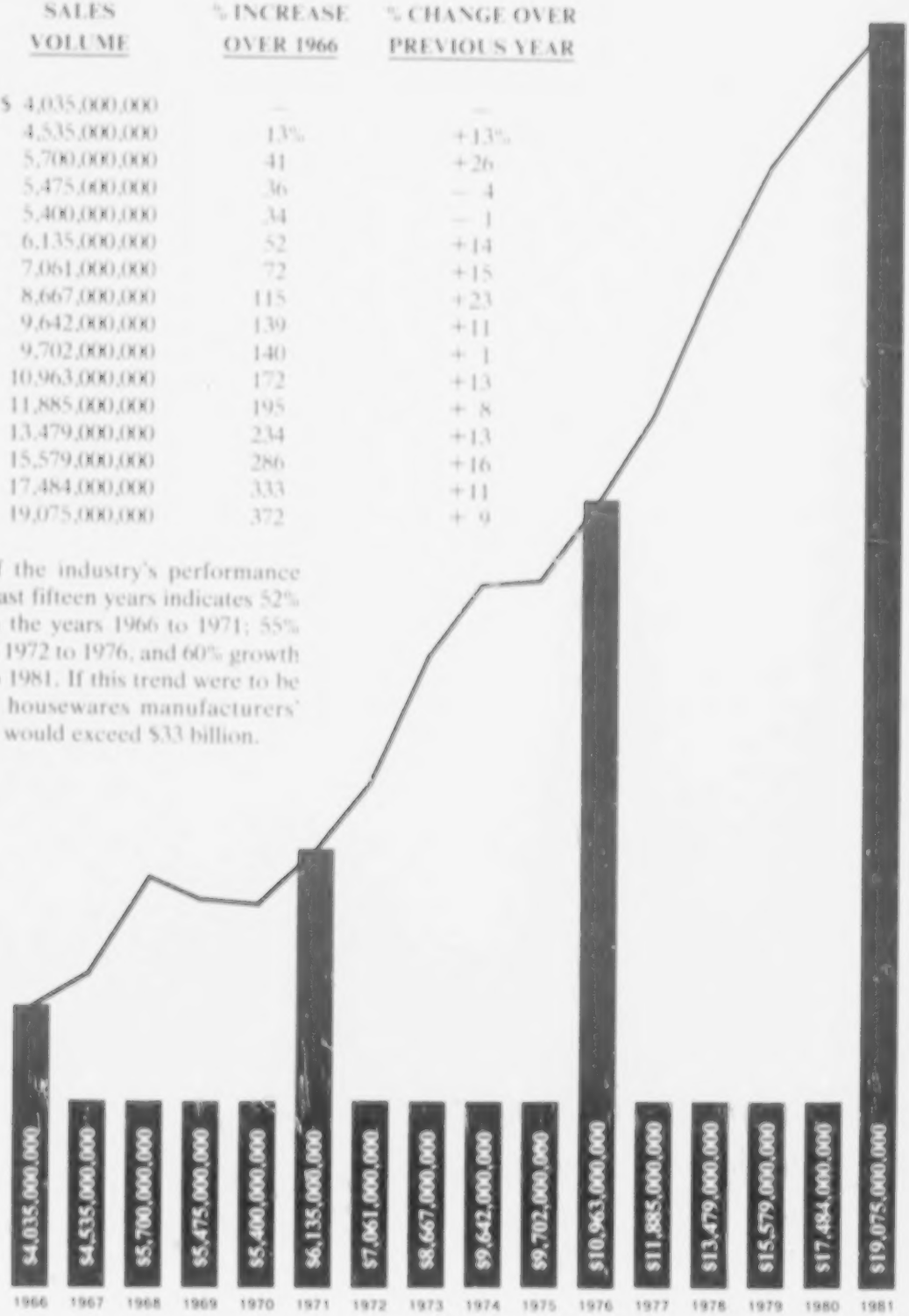
Against 1966 as the base year, housewares sales over the past fifteen years have increased 372%; while Gross National Product rose 277%, and the Personal Income Index increased 312% during the same period.

INDUSTRY TRENDS – 1966-1981

HOUSEWARES MANUFACTURERS' TOTAL DOLLAR SALES VOLUME

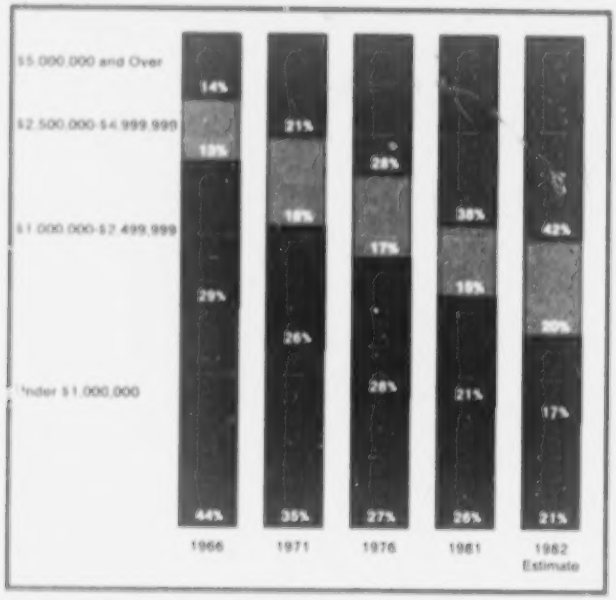
	SALES VOLUME	% INCREASE OVER 1966	% CHANGE OVER PREVIOUS YEAR
1966	$ 4,035,000,000	—	—
1967	4,535,000,000	13%	+13%
1968	5,700,000,000	41	+26
1969	5,475,000,000	36	− 4
1970	5,400,000,000	34	− 1
1971	6,135,000,000	52	+14
1972	7,061,000,000	72	+15
1973	8,667,000,000	115	+23
1974	9,642,000,000	139	+11
1975	9,702,000,000	140	+ 1
1976	10,963,000,000	172	+13
1977	11,885,000,000	195	+ 8
1978	13,479,000,000	234	+13
1979	15,579,000,000	286	+16
1980	17,484,000,000	333	+11
1981	19,075,000,000	372	+ 9

A review of the industry's performance during the past fifteen years indicates 52% growth from the years 1966 to 1971; 55% growth from 1972 to 1976, and 60% growth from 1977 to 1981. If this trend were to be maintained, housewares manufacturers' sales in 1986 would exceed $33 billion.



SIZE OF HOUSEWARES MANUFACTURERS – 1966-1981 BY DOLLAR SALES VOLUME

	Under $1,000,000	$1,000,000-$2,499,999	$2,500,000-$4,999,999	$5,000,000- and Over
1966	44%	29%	13%	14%
1967	42	27	14	17
1968	37	28	12	23
1969	33	31	14	22
1970	39	24	16	21
1971	35	26	18	21
1972	32	31	17	20
1973	29	28	16	27
1974	28	27	17	28
1975	27	26	20	27
1976	27	28	17	28
1977	25	28	18	29
1978	28	23	20	29
1979	22	27	18	33
1980	26	23	18	33
1981	26	21	15	38



In 1966, 44% of manufacturers reported sales of under $1 million, while only 14% reported that their sales exceeded $5 million.

For 1981, 38% of manufacturers reported their sales exceeded $5 million.

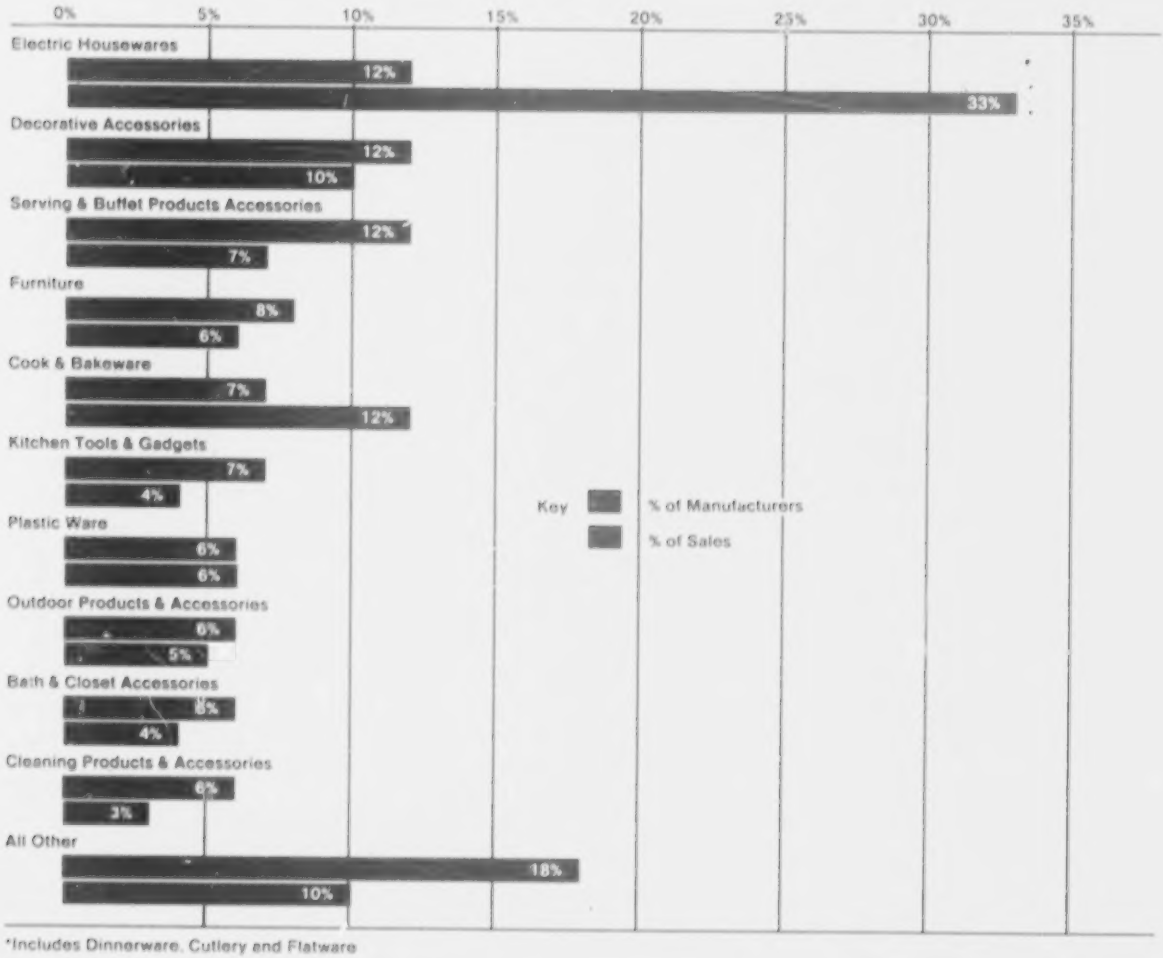
As an expression of the housewares industry's optimism, 42% of manufacturers estimated that their 1982 sales will exceed $5 million.

SIZE OF HOUSEWARES MANUFACTURERS – BY DOLLAR SALES VOLUME

SALES VOLUME	ACTUAL 1981		ESTIMATED 1982	
Under $1,000,000	26%		21%	
$1,000,000-$2,499,999	21		20	
$2,500,000-$4,999,999	15	53%	17	59%
$5,000,000 and Over	38		42	
	100%		100%	

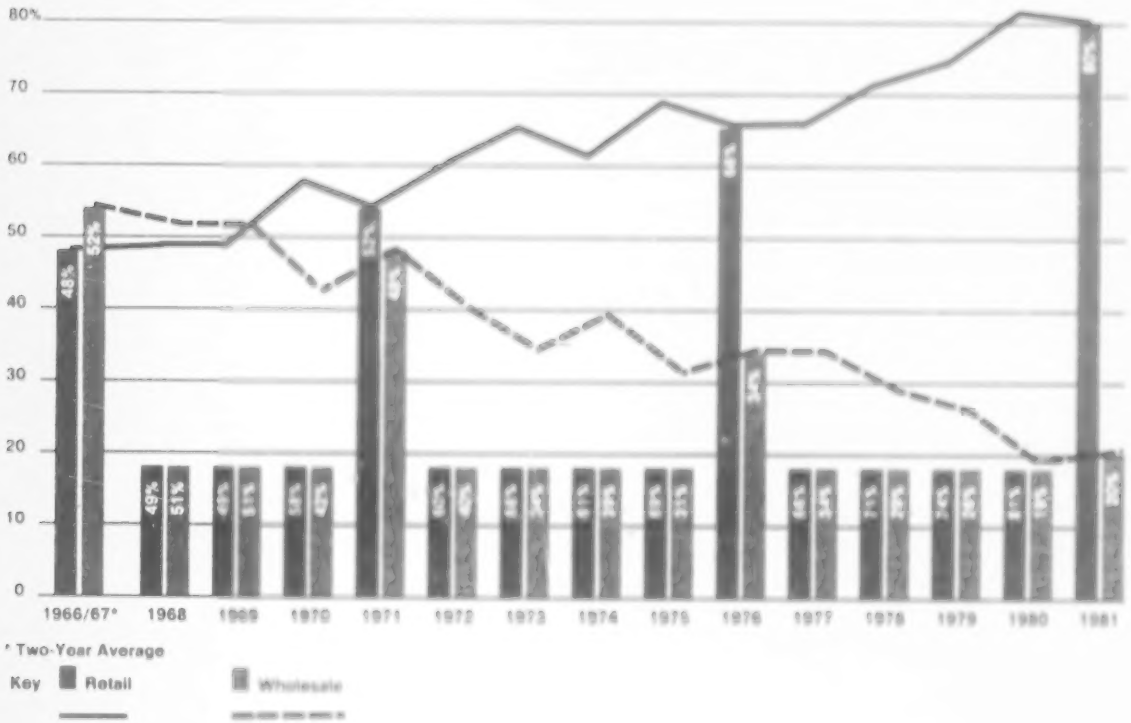
DISTRIBUTION OF HOUSEWARES MANUFACTURERS AND SALES - 1981 BY PRODUCT CATEGORY

PRODUCT CATEGORY	% OF MANUFACTURERS	% OF SALES
Electric Housewares	12%	33%
Decorative Accessories	12	10
Serving & Buffet Products & Accessories*	12	7
Furniture	8	6
Cook & Bakeware	7	12
Kitchen Tools & Gadgets	7	4
Plastic Ware	6	6
Outdoor Products & Accessories	6	5
Bath & Closet Accessories	6	4
Cleaning Products & Accessories	6	3
All Other	18	10
	100%	100%



*Includes Dinnerware, Cutlery and Flatware

RATIO OF HOUSEWARES MANUFACTURERS' SALES TO RETAIL VS. WHOLESALE OUTLETS – 1966-1981



Over the past fifteen years, the relative role of wholesale outlets declined from 52% of manufacturers' sales in 1966/67 to 20% in 1981. Correspondingly, sales to retail outlets rose consistently during that same period.

PERCENT OF TOTAL DOLLAR SALES TO RETAIL AND WHOLESALE OUTLETS
(BASED ON RETAIL + WHOLESALE = 100%)

RETAIL OUTLETS	1966-67 †	1971	1976	1981
Mass Merchandisers	10%	18%	20%	28%
Department Stores	10	10	7	11
Catalog Showrooms	–	–	6	10
Drug Stores	2	3	4	6
Food Stores	7	3	5	6
Variety Stores	9	7	6	5
Housewares/Hardware Stores	4	3	5	4
Mail Order	3	4	4	2
Home Centers	*	*	2	2
Buying Syndicates	1	*	1	1
All Other	2	3	6	5
	48%	52%	66%	80%

WHOLESALE OUTLETS	1966-67 †	1971	1976	1981
Housewares/Hardware Distributors	17%	14%	9%	7%
Electric Housewares Distributors	9	8	6	4
Rack Jobbers	3	3	3	2
Premium Users	5	4	2	1
Club & Party Plan	*	*	5	1
Premium Distributors	2	1	1	1
Stamp Plan Suppliers	7	5	1	1
Drug Distributors	1	2	2	1
Variety Distributors	2	1	1	*
Jewelry Distributors	*	2	*	*
All Other	5	8	3	2
	52%	48%	34%	20%

† Two-Year Average
– Type not listed
* Less than 0.5%

During the past fifteen years, the role of Mass Merchandisers has increased from 10% of total industry sales in 1966/67, to 28% in 1981.

During the same period, manufacturers' sales to Department Stores remained steady, at approximately 10%.

On the other hand, Catalog Showrooms, which were insignificant as recently as ten years ago, reached 10% of manufacturers' sales in 1981.

Similarly, housewares sales to Drug Stores rose from 2% in 1966/67, to 6% in 1981.

Correspondingly, sales of housewares to all wholesale outlets declined during the same 15-year period.

HIGHLIGHTS OF 1981/1982 HOUSEWARES COLOR PREFERENCES BY PRODUCT CATEGORIES

BATH & CLOSET ACCESSORIES	Most Popular 1981	Expected For 1982
White	24%	20%
Brown	21	10
Blue	15	11
Pastels	7	15
Almond	7	5

OUTDOOR PRODUCTS & ACCESSORIES	Most Popular 1981	Expected For 1982
Yellow	23%	21%
Green	15	15
White	14	16
Brown	14	15
Black	10	10
Red	9	7

KITCHEN APPLIANCES & ACCESSORIES	Most Popular 1981	Expected For 1982
Almond	42%	38%
White	27	29
Brown	9	5
Yellow	7	7
Beige	5	5

SERVING & BUFFET PRODUCTS & ACCESSORIES	Most Popular 1981	Expected For 1982
Brown	17%	11%
White	13	17
Almond	13	7
Natural/Wood	9	11
Earth Tones	7	6
Yellow	6	6

Note: Colors cited by fewer than 5% of manufacturers are not included.

As in past years, the housewares industry's current and anticipated color trends were reported for the years 1981 and 1982.

For Bath & Closet Accessories, White was reported by almost one-fourth (24%) of the manufacturers for 1981. Pastels were reported by 7% for the past year, while 15% expect Pastels to dominate in 1982 for the category.

For Kitchen Appliances & Accessories, Almond has remained the most popular color. However, White was mentioned by 27% for 1981, and 29% expect it to be the most popular color for the category in 1982.

Similar increases in anticipated popularity were evident for White in Outdoor Products & Accessories and in Serving & Buffet Products & Accessories.

1981/1982 HOUSEWARES PRICE INCREASES

	% OF MANUFACTURERS			
	ACTUAL		ANTICIPATED	
	1981	1980	1982	1981
% AMOUNT OF PRICE INCREASE	68%	79%	71%	85%
1-4%	6	4	11	9
5	10	10	19	10
6-9	30	29	23	29
10	12	22	11	23
11-14	5	8	2	7
15	1 — 19%	3 — 35%	1 — 14%	2 — 35%
Over 15	1	2	–	3
Amount Not Specified	3	1	4	2
AVERAGE PRICE INCREASE	**7.5%**	**8.9%**	**6.4%**	**8.4%**

In the 1980 study, approximately four out of five housewares manufacturers reported that they had increased their prices during that year and that they expected their prices to be further increased in 1981.

In the current study, fewer manufacturers (68%) indicated that their prices had been increased in 1981. Their reported average price increase was 7.5%, as compared to 8.9% in the previous year.

Furthermore, the number of manufacturers who expected to increase their prices in the coming year declined from 85% to 71%. The anticipated average price increase also declined from 8.4% to 6.4%

	1982	1981	1980	1979	1978	1977	1976	1975	1974
EXPECTED TO INCREASE PRICES	71%	85%	95%	85%	80%	79%	70%	51%	96%
REASONS FOR PRICE INCREASES									
Higher material costs	64	69	70	45	43	50	42	35	81
Higher labor costs	48	35	33	23	32	35	34	21	31
Higher overhead costs	23	15	19	7	3	2	5	2	3
Inflation	19	16	15	20	13	18	9	7	9
Higher freight costs	10	10	11	5	7	8	8	4	9
NO PRICE INCREASES EXPECTED	29%	15%	5%	15%	20%	21%	30%	49%	4%

Note: Since some manufacturers mentioned more than one reason, the above table totals more than 100%.

As shown, the proportion of manufacturers that indicated that they expect to increase prices in the coming year declined to 71% for 1982.

As in past years, the most frequently given reason for the expected price increases was "higher material costs" (64%). However, "higher labor costs" rose from 23% for 1979 to 48% for 1982. Also, the mention of "higher overhead costs" rose from 2% for 1977 to 23% for 1982.

DELIVERY OF ORDERS

% OF ORDERS FILLED IMMEDIATELY

	% OF MANUFACTURERS		
	1981	1976	1971
Under 60%	11%	12%	17%
60-69	5	4	2
70-79	8	9	12
80-89	20	17	17
90-99	45	45	42
100	11	13	10
	56%	58%	52%
	100%	100%	100%
Average % of Orders Filled Immediately	**81.6%**	**82.9%**	**80.6%**

During the past ten years, the majority of manufacturers reported that 90%-100% of their orders are "filled immediately". During the same period, the mention of "under 60% of orders filled immediately" improved from 17% in 1971 to 11% in 1981.

ACCOUNTS RECEIVABLE

NUMBER OF DAYS OUTSTANDING

	% OF MANUFACTURERS		
	1981	1976	1971
Under 45 Days	24%	33%	39%
0-14	1	1	1
15-29	2	3	6
30-44	21	29	32
45 Days or Longer	76%	67%	61%
45-59	44	40	34
60-74	24	22	21
75-89	3	1	2
90 or More	5	4	4
Average Number of Days Outstanding	**51**	**52**	**52**

During the same ten years (1971-1981), the percent of manufacturers who reported that their accounts receivable were "outstanding 45 days or longer" increased from 61% in 1971 to 76% in 1981. Correspondingly, the average number of days receivables were reported "outstanding" remained at approximately 50 days.

PROBLEMS HOUSEWARES MANUFACTURERS ANTICIPATE FOR 1982 (VS. 1981 and 1979)

	% OF MANUFACTURERS		
	Expected For 1982	Expected For 1981	Expected For 1979
Economic Factors	**59%**	**31%**	**49%**
Credit/High Interest Rates	28	–	–
Economic Outlook/Tight Money/Recession	20	16	23
Inflation	11	16	23
Maintaining Profit Margins	9	3	5
Higher Costs	**16%**	**49%**	**28%**
Rising Interest/Increased Overhead	7	36	9
Materials	5	15	14
Labor	5	6	6
Freight/Shippping	4	6	5
Energy	1	3	3
Collections/Accounts Receivable	**26%**	**21%**	**5%**
Declining Sales	**18%**	–	–
Changes in the Competitive Mix	**11%**	**9%**	**8%**
Changes in Retailers' Buying/Inventory Attitudes	**9%**	**10%**	–
Promotion/Marketing-Related Problems	**7%**	**10%**	**5%**
Production-Related Problems	**6%**	**7%**	**19%**
Changing Consumer Needs/Demands	–	**5%**	–
Governmental Regulations/Controls	–	**2%**	**7%**
No Problems/None	–	**1%**	**2%**

Note: Since some manufacturers mentioned more than one problem, the above table totals more than 100%.

During the past few years, housewares manufacturers have been asked to indicate those problems that they felt their companies may be facing during the coming year.

For 1982, concerns over "economic factors" were most prevelant, mentioned by 59% of manufacturers. These concerned "credit and high interest rates," which were noted by 28%, and "economic outlook/tight money/recession," mentioned by a fifth of the manufacturers (20%).

Concerns over "collections/accounts receivable" were cited by 26% of manufacturers, as compared with 21% for 1981 and 5% two years earlier.

Other concerns included "declining sales," noted by 18%. Previously, such concerns were not mentioned at all.

The purpose of the following unedited comments is to supplement the foregoing observations regarding prevailing attitudes and concerns for 1982 of some of the responding housewares manufacturers.

"The ability to obtain new product placement with retailers. They insist they want new products, however when presented, they find many reasons why they cannot purchase. Only with the manufacturers up-front promotional expenditure will retailers test a new product. No pioneers! The housewares industry is a very 'sick industry.' Pricing on every product line varies by the customer that is placing the order. Retailers and distributors alike demand lowest prices, extended terms and guaranteed sales via television and newspaper advertising. The end result of all these demands is increased prices to the consumer. Retailers cannot understand the difference between volume and profit."

●

"There are only two major problems we and all industry companies face. Severe recession and unemployment are external and not completely controllable situations. The controllable challenge is to be completely creative and innovative in order to withstand both import and domestic competition."

●

"Loss of vendors who are small businessmen. Loss of customers who also are small businesses. This will force prices up and create more competitive market conditions."

●

"Creating a satisfying relationship with department stores. This category is very difficult to service in view of their unilateral taking of credits and the returning of merchandise without authorization."

●

"Inventory/service increase to accounts; we will not be able to maintain high inventories during peak seasons in the 'hope' of orders. Many customers will be out of stock with no hope of re-supply. Striking margins; accounts are shopping. We try to sell 'mix' to achieve overall profit; we may opt out of certain categories."

●

"Attrition; due to sluggish economy, most buyers will be reluctant to add new skills. Some buyers in fact are reducing skills and facings. 1982 will be a year of trying to maintain one's market position."

"Limited delivery time, delayed payment of invoices, unreasonable chargebacks, such as not having invoice number and department number on top of the carton instead of side, etc."

●

"General sluggish economy will force retailers to push for lower prices and special deals, cutting into our operating margins. Customer resistance to our newly introduced products because of economy."

●

"This will be a difficult year, although with inventory levels of retailers low there might not be a bad drop-off in sales volume."

●

"Receivables, increasing listings with current accounts and adding new accounts. Buyers resisting change due to computer ordering and UPC item number changes. Easier to stay with the items they are currently listing, than to go through the process required in making changes."

●

"Lower than anticipated sales volume due to high cost of credit. Furthermore, due to slump in retail sales there could be reduced orders. There has been a noticeable demand for the lower-end goods during the past several months, which in fact will reduce the total dollar volume."

●

"Handling current growth without making massive capital investments. Anticipating on a daily basis economic conditions related to sale of our products."

●

"Cost of money to retailers, so that they will not support their sales plans with purchases. Also distributors finding our past-due charges less than at banks."

●

"Cash flow is our number one problem for 1982. The high interest rates of the past two years took their toll on us and the banks have been unsympathetic. They simply say 'pay back or else.' With labor, utilities and other costs increasing, our cash never seems to get ahead of the tide."

"Cash flow; customers are ignoring 30-day payment terms and are using us for a bank. Lack of forecasting; customers are cutting lead time much shorter to keep inventories down. They are not giving us enough time to react and prepare."

●

"Decline in consumer disposal income due to increased local and Social Security taxes and cost of living. Retail constraints in less open-to-buy, reduction of S.K.U.'s, lack of creativity in 'only going to buy basics.'"

●

"Cost of returns (non-defectives), cost of retailers' advertising and unauthorized deductions; commitment to orders by retailers, number of turns of inventory, cost of money."

●

"Internally, management of inventory and high interest; externally, the lack of strength in primary domestic economy. Expect very weak retailer/consumer demand in 1st half or 3rd quarter; great 4th quarter, weak 1st quarter '83. 1980s will be very competitive, and survivors and over-achievers will be very professional managers of company resources."

"Accounts receivable, unauthorized deductions from department stores, false claims from department stores, availability of raw material when needed."

●

"Economic conditions, tightness of money and borrowing; therefore affecting flow of re-orders from retailers. Department stores, mass merchandisers are holding back; independent stores have a difficult situation in borrowing at such intense interest rates. Collecting accounts receivable is another problem."

●

"Determining the appropriate inventory levels for the sales year; uncertainty of the consumer's willingness to buy; agressiveness of retailers; cost of money."

●

"Customer ordering less product at more frequent intervals. Economy will dictate fewer purchases of 'high ticket' items. Trade overly-concerned about price versus quality."

●

"Our products historically were sold to repair shops; our problem now is to get competent manufacturers reps to sell to mass merchants, and then motivate them properly."

To further track perceptions of changing industry problems, the following "verbatims" show concerns of some housewares manufacturers for five years ago (1977) and ten years ago (1972).

1977

Distribution and recognition of new merchandise direction - (overcome by 1978)

Delivering on time

Fear of raising our prices

Reducing production and controlling inventory

Import retail prices vs. domestic

Production capacity

Lack of strategic planning

Overcoming apathy toward product category

Management of a growing company

Rising rate of inflation

Industry over-capacity

Production defects

Internal management development away from past and focus on "new" future; financial survival

Trying to find larger quarters and move (which we did)

1½ years old; get purchasing to try new products

Equipment problems; raw material shortage

Materials shortage and increased production to cover demands

Unauthorized Union strike, not a union shop; went to NLRB and won out on a vote to keep non-union

Getting started

Gaining consumer acceptance of new product

What new market segments we wanted to go after

Packaging and product up-to-date

Entering an entirely new market with no previous experience with household consumer items

A good product

Lack of new products

Expansion from supplier of pet product to pet stores to gaining a foothold in the grocery, drug, discount store business

Distribution capabilities

Production of new merchandise to replace older, outdated lines

Production of new merchandise to replace older, outdated lines

Just starting business; getting our product/name known in the industry

How to develop our market and gain consumer acceptance for our products

Collections, Communications, reps, buyers

Inflation, productivity

Energy, re: coal miner's strike, inflation, goverment regulatory agencies

Sudden increase in petro-chemical prices

Raw material shortages

Rising cost of material and labor

Oil, products derived form oil base

Just starting to sell mass merchants the; tried to do it ourselves; didn't contact the right people; expenses very high for low results

To a lesser degree sagging profits, high interest rates, slow collections, concentration of business in the hands of a few large discounters

Inflation

Financing

Continous price increase

Getting started

Sales

Growing

Supplying the demand

Increasing volume and import competition

Rising raw material costs

Competition from Far East imports, aging manufacturing equipment, inflation

Need for additional plant capacity; rising costs of overhead and resulting margin pressures.

Rapidly increasing cost of plastic and changing market taste

Financing and getting product out to meet demand

Product development and price competition, inflation

Starting of escalating interest rates

1972

Oil crunch beginning

Product development and price competition

High component cost increases; slow delivery of components

Financing

Delivery of product

Need for additional plant capacity; pressure for additional cooperative advertising

Product obsolescence from changing trends

Shortage of raw material

Dollar devaluation

Increasing profitability and broadening of product line

A shrinking customer due to antiquated merchandising ideas

Our unconstructed approach to a rapidly growing market

Increasing production quickly enough to keep up with demand caused by new product category

Brand awareness

Product styling

Debt equity ratio too high

Building sales volume

Starting new product lines

Industry over-capacity

Uncontrolled growth and lack of company plan; needed better management and controls

Permission is granted to reproduce any information, charts and/or statistical tables from the Fifteenth Annual Marketing Research Study of Housewares Manufacturers, with appropriate credit to the National Housewares Manufacturers Association.